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The following is a review of general business and financial conditions throughout the several Federal Reserve Districts during the month of April, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Notwithstanding the temporary slowing down of the advance of prices which was noted during the months of February and March, business and financial conditions during April indicated a resumption of the movement, while business activity has continued in many Districts upon an unprecedentedly high level. Wages have moved still further upward, while the advance in rates for money, already noteworthy, has attained even more important proportions than heretofore. A severe railroad strike during the month, assuming national proportions, with a corresponding congestion of products and defective transportation, has tended to aggravate conditions which otherwise would have been in themselves serious. A sharp break in the prices of stocks and securities and relatively poor prospects for the coming crop year have not operated to check the activity of business, although they have tended to confirm the doubts already entertained by many business men concerning the outlook.

In District No. 1 (Boston) there is some indication of greater conservatism in purchasing; banking conditions are sound and there is general manufacturing activity and full employment. There are no general strikes in any of the principal industries of the section. There is a difference of opinion with respect to the future of prices, and hence difference of policy with regard to advance orders and general purchasing.

In District No. 2 (New York) the outstanding elements in the condition of business are reported to be advance in prices, higher wages, unprecedentedly

high rates of interest, and continued activity in foreign trade.

In District No. 3 (Philadelphia) prices still show an advancing tendency in some lines, but in other lines, including leather and textiles, the advance has stopped. Collections are still satisfactory and retail trade holds up very well.

In District No. 4 (Cleveland) the severity of the railroad strike has demoralized some branches of business and has caught some companies poorly prepared for any cessation of traffic, damage to plants proving greater than had been expected.

In District No. 5 (Richmond) there has been little change in commodity prices except building materials, which have steadily advanced; the public continues to purchase all goods freely, but there is unrest and uncertainty among the commercial community and there are signs of reaction against high prices.

In District No. 6 (Atlanta) fundamental business conditions have undergone no change of especial note, both wholesale and retail trade holding up well. Although a lowering of prices is expected in some quarters, little evidence as yet appears of decrease in lines entering into daily consumption. The agricultural prospects for the coming season have been seriously decreased as a result of the continued cold and wet weather and the farm labor situation has continued unsatisfactory.

In District No. 7 (Chicago) the traffic situation has seriously affected business, preventing the movement of finished goods and causing non-receipt of materials, fuel and supplies. These conditions were already under way as a result of car shortage, but during the past month the strike "has brought about a more acute condition". Among other elements in the situation is the fact that collections "have slowed down during the past sixty days."

In District No. 8 (St. Louis) there has been no slowing down in business and signs point to continued activity for some time to come. There is a general

gain in the volume of sales of both wholesalers and retailers; raw materials hold their own well, but labor unrest is causing uneasiness, while agricultural conditions are not satisfactory. Collections are good and the demand for money is strong.

In District No. 9 (Minneapolis) spring planting has been somewhat delayed and livestock conditions are unsatisfactory, although wholesale and retail trade is good.

In District No. 10 (Kansas City) the marked improvement in industrial activity which was characteristic of March "was effectively checked by transportation interruptions in early April". Shortage of coal, material, etc. caused suspension of activity in some lines. There has, however, been a large and well-sustained volume of trade in the face of all these various disturbing factors.

In District No. 11 (Dallas) the revival of spring trade and new high levels of both volume and prices were noted, while as in other districts the planting of staple crops has made a rather unfavorable start. Organized efforts are being made, however, to deal with the farm labor situation. There is enhanced demand and enlarged production in the petroleum industry.

In District No. 12 (San Francisco) the agricultural outlook has increased very materially, but car shortage has prevented heavy shipments in many lines. Building, however, continues active and labor has been fully employed.

Practically all of the Districts report uncertainty concerning the continuance of existing conditions; anxiety concerning the over-strained situation resulting from excessively high prices and wages, and difficulty in continuing production on its normal scale, due to lack of equipment and to interruption in the movement of goods as the result of labor troubles. A marked feature of the financial situation all over the country is the increase in the cost of money, both in the investment market and in connection with bank credit.

The Federal Reserve Bank of Richmond recently sent ten questions to leading manufacturers and wholesalers in the Fifth District, replies to which show a

belief in continuation of present prices for another year with high wages and free expenditure by consumers.

Agriculturally the month has been significant. In District No. 9 (Minneapolis) spring planting has been delayed throughout the District, and this may have the effect of further curtailment of spring wheat acreage which it is estimated will fall from about 17,731,000 acres planted last year, to 15,000,000 acres. Labor, however, is scarce and wages are high, while in certain sections of the District there has been difficulty in financing farmers' seed purchases and planting requirements. On the other hand, the western half of the District has had ample moisture, and soil conditions are very favorable. In District No. 7 (Chicago) the general condition of the soil and crop prospects are favorable, but the season is being delayed by excessive moisture. Spring plowing has not generally been started. The scarcity of farm labor is proving a very serious factor and considerable acreage is being temporarily abandoned. Only a normal percentage of grain is in the hands of the farmers, but their obligations to the banks are larger than a year ago. These are partly for the purpose of carrying real-estate loans. Both in District No. 7 (Chicago) and in District No. 9 (Minneapolis) the unsatisfactory transportation situation has delayed the movement of farm products and consequently the liquidation of the farmers' indebtedness to the banks. In District No. 10 (Kansas City) winter wheat is about up to the ten year average, although much below conditions in 1919. In corn an increase in acreage is expected. Other crop prospects are not altogether certain. High costs of seed will tend to shorten acreage, while the same is true of other increases in cost of production. In District No. 12 (San Francisco) the winter wheat condition is only 73% of normal as compared with 97% a year ago. In the spring wheat section the ground is in excellent condition. California fruit crops have been somewhat damaged by climatic conditions. It is as yet too early to estimate the cotton acreage in District No. 6 (Atlanta). Excessive rains have, however, prevented farm work, and the

season is said to be from 20 to 35 days later than usual. As a result of the difficult farm labor situation it is expected that much acreage will be left idle during the coming season. In district No. 11 (Dallas) the average condition of winter wheat is 70%, a decrease of 5% from a month ago. Cotton and corn planting is well advanced in southern and southwestern Texas, although in the northern part of the State planting is light as a result of the protracted period of dry weather during February and March. Taken as a whole, the agricultural outlook as reported by the principal agricultural districts is not very satisfactory, the prospects being for a material reduction in output as compared with a year ago, due in part to unfavorable climatic conditions, loss of acreage, scarcity of labor, difficult transportation and high cost of seed and materials.

In District No. 10 (Kansas City) conditions were excellent for livestock on farms and ranges as a result of favorable weather conditions, and the outlook for the industry is very much more promising than for several months. In District No. 11 (Dallas) range conditions likewise show steady improvement and livestock is generally reported to be thriving. Receipts of cattle at fifteen principal markets during March were 1,203,499 head as compared with 1,068,092 head during February, and 1,094,614 head during March, 1919, the respective index numbers being 119, 114 and 109. Receipts of hogs are likewise somewhat greater than a year ago, being 2,910,909 head, corresponding to an index number of 132, as compared with 2,842,663 head during March, 1919, corresponding to an index number of 129, and 2,440,134 head during February, corresponding to an index number of 119. Receipts of sheep during March were 900,299 head, as compared with 948,116 head during February and 847,842 head during March, 1919, the respective index numbers being 66, 74 and 62. In District No. 10 (Kansas City) the increased receipts were due to improvement in shipping conditions and to an improvement in the Eastern dressed beef market, a limited return to export business, and a tendency to market livestock in the face of rising prices of feed and uncertainty

regarding market prices of livestock. Heavier receipts were likewise noted in the movements of livestock to market in District No. 11 (Dallas). Cattle prices in the Kansas City District recovered somewhat at the opening of March from the slump at the end of February, although they showed a decrease in the second week of March, due to the break in the Eastern markets, followed by a subsequent upturn in prices.

Wheat receipts at markets in District No. 10 (Kansas City) were about 20% greater than receipts for February and likewise considerably in excess of receipts a year ago. Although corn receipts were 17% less in March than in February, they were 18% greater than in March, 1919; and receipts of oats during March showed a decline both as compared with February and with March, 1919, amounting to 26% and 45% respectively. Milling activity showed a decrease, combined flour output in March being estimated at 3.7% less than a year ago at Kansas City, Omaha and 88 interior mills. Operations at Kansas City and at Omaha were respectively 57% and 47% of capacity, as against 76% and 61% a year ago, while for interior mills the figure for March stood at 53 as against 58 in March 1919. The loss in milling activity is reported to be due largely to the slow demand for some grades of flour, and the fact that the export demand is only fair. From the 7th District (Chicago) and in a less degree from others, it is reported that grain-raising localities have been obliged to carry their product in a volume very much above that of normal times. This has retarded shipments to primary markets. Costly delays in transportation have interfered both with the shipment of grain and of livestock.

The iron and steel business has been very active, the U.S. Steel Corporation being booked ahead until about the middle of October. Independent mills have not received as many advance orders, owing to the fact that they have been charging higher prices than the U.S. Steel Corporation. The unfilled orders of the U.S. Steel Corporation at the close of March were 9,892,075 tons, corresponding to an index number of 188, as compared with 9,502,081 tons, corresponding

to an index number of 180 at the close of February, and 5,430,572 tons at the close of March, 1919, corresponding to an index number of 103. Pig iron production likewise showed an increase amounting to 3,375,907 tons during March, as compared with 2,978,879 tons during February and 3,090,243 tons during March 1919, the respective index numbers being 146, 138 and 133. A similar increase is reflected in steel ingot production which amounted to 3,296,799 tons during March, as compared with 2,865,124 tons during February and 2,662,265 tons during March, 1919, the respective index numbers being 137, 127 and 110. The production of iron and steel has been seriously interfered with during the month of April, due to lack of capacity to move raw materials and finished products. Most of the plants in the 4th District (Cleveland) have been fairly well supplied with iron ore and the main problem has been that of fuel. In District No. 6 (Atlanta) activity in the iron and steel industry continues. While car shortage has caused some delay in deliveries from the District, there is little accumulation of the product. In District No. 3 (Philadelphia) demand for finished iron and steel has not increased, and producers are working to capacity. High prices are being offered for immediate delivery. Conservative manufacturers recognize the danger of excessive price increases, but their effort to arrest them has had little effect. The railroads have been heavier buyers of steel in all parts of the country, both for new equipment and repairs, than at any time since their return to private control. This has been due to successful financing on the part of some of the roads.

The coal situation has been particularly interesting during the month of April. In District No. 3 (Philadelphia), with the withdrawal of Government regulations on bituminous coal, effective April 1, producers negotiated with consumers for the renewal of contracts which expired March 31. Prices were adjusted to higher levels, due to the necessity of allowing for the wage increases recommended by the President's Coal Commission, and increased costs due to small car supply. The engineers of the Fuel Administration, which made an investigation

of the records of a central Pennsylvania colliery, found that a car supply of 60 per cent increased the cost of mining 30 per cent. The regions which supply the coal for this territory are said to be working under a 60 per cent supply. Demand is far ahead of supply, and it is stated that many consumers will try to store as much coal as possible over the next six months, which will keep the market active during that time. The anthracite industry is at present troubled by demands of labor for higher wages, though the men have walked out in only a few cases. The movement of coal is also held up by lack of cars. Retail dealers are unable to care for the orders which are being received and prices are advancing. In District No. 4 (Cleveland) the opening of the lake shipping season was set back by the strike and in the meantime coal is slow in coming forward. Early coal cargoes are in great demand, as some of the docks at lake ports are swept clean. Production of bituminous coal during March amounted to 46,792,000 tons as compared with 40,127,000 tons during February and 33,719,000 tons during March 1919, the respective index numbers being 126, 116 and 91.

The petroleum industry has shown a very great advance during the past month. In California the output for March was about the same as February, amounting to 276,000 barrels, but shipments were heavy, decreasing stored stocks considerably. Consumption of California petroleum has exceeded production each month since July, 1919, and a serious shortage of crude oil is threatened. In District No. 10 (Kansas City) increased activity in the development of new wells is noted in Kansas and Oklahoma. Production during March was 10,491,640 barrels as compared with 9,548,250 barrels during February and 9,208,240 barrels during March, 1919. In District No. 11 (Dallas) there is both increased demand and enlarged production of petroleum, the output in the fields lying in the 11th District being 11,132,024 barrels during March, as compared with 10,473,094 barrels during February.

Little change is noted in conditions surrounding metal mining in Colorado in March. Shipments of lead and zinc during that month were unusually heavy, total shipments of zinc and lead ores for the four weeks being at the rate of practically 14,000 tons per week, as compared with 12,614 tons a week the previous month. This was due to the increase of cars, although production was seriously interfered with as a result of heavy rains and storms.

In general manufacturing the month has been a period of great activity. This is especially true in textiles. Carpet and rug manufacturers report a brisk demand for their products which they can not fully meet. Cotton yarns and raw materials are high; prices are holding steady at about double that of a year ago; and while the tendency of consumers not to pay high retail prices now existing has kept down offerings of new business to manufacturers, the latter are still busy on old orders which have insured a capacity operation. In cotton textiles the high price of the raw material has continued to check buying by domestic mills, but the mills in the New England District are already well supplied. Unfilled orders for future delivery placed during March are very much greater than a year ago, although new orders show a tendency to fall off slightly or amount to about the same in volume. While the demand for the future products of the mills making dress-goods, shirtings, and the like, appears to be lessened, this situation has not affected prices, which are about 200% above the level for 1914. No perceptible drop in prices, particularly in the fine grades, is looked for. In District No. 3 (Philadelphia) prices are double what they were last year and demand from foreign sources has served to keep up production. Caution, however, is felt to be necessary for the remainder of the year. In wool and woolens, markets

are fairly quiet, banks having put a check on speculation in some sections. The Government still holds about 65,000,000 pounds of the lower grades of wool and is now auctioning off about 5,000,000 pounds per month. Fine merino wools continue in demand and prices are high, while yarns are also generally in strong demand. Woolen and worsted mills are busy filling uncompleted orders and are especially active on account of the recent delays due to transportation difficulties which left them without raw material. In District No. 3 (Philadelphia) manufacturers are sold ahead and are producing actively. Although prices have weakened slightly they are higher than last year. Clothing requirements will necessitate full time production for 1920, but there is no certainty as to conditions beyond that date. There has been some slowing down of demand due to the apparently concerted disposition of consumers to refrain from buying at present prices.

In the shoe and leather field the situation is somewhat mixed. Conditions in the hide market have approached stagnation and there has been very little activity in leather for the month past. The attitude of the public with reference to purchases at present prices is unfavorable. Although salesmen are in some cases offering reduced prices, retailers are slow to place fall orders, believing that prices must go down. The public, however, still insists upon the better grades of shoes, although some concerns note a decided drift toward cheaper product. Prices for the finest grades are believed to have reached their peak. In District No. 3 (Philadelphia) the demand for leather has fallen off noticeably during the past month. Prices are steady but the tendency is toward lower levels. New Government orders in the hands of boot and shoe distributors are 25% to 70% over the same month last year, with demand as strong as ever and selling prices up to 10% higher. In District No. 5 (Richmond) no reduction in prices or demand is to be noted. Foreign

trade in shoes and leather has been adversely affected by exchange conditions. General manufacturing continues active and wholesale business throughout the country holds up well. The tendency to caution already noted in the last issue of the Bulletin has become more decided and has taken the form of hesitation about placing orders far ahead. This is due to the belief that prices are probably near their peak if they have not passed it. Although buying power has been somewhat limited in different parts of the country, the contraction in this regard is not pronounced, and the continued expansion of the export trade has taken up the market surplus of goods which would otherwise have tended to reduce prices. On the other hand, it is reported that considerable quantities of goods which were shipped abroad on consignment are now coming home again and may serve to disturb the market in some lines. Manufactured food products, canned goods, etc. are feeling this influence. There has been a large decline in the amount of meat food products shipped abroad. Canned goods prices are in some cases reported as 10% lower than a year ago. Automobile producers are sold up far ahead and the value of stocks in automobile concerns in many instances has reached an unprecedented figure. Hardware lines have experienced an increasing demand since the beginning of the year, although contractors' and builders' supplies are somewhat under normal demand, due to the retardation of building.

The outstanding feature of the month in connection with labor has been a nation-wide railway strike which, however, has been terminated on account of the general lack of public sympathy. At times it appeared likely that the railway strike would spread into other allied branches of industry, a number of local municipal utility organizations having been called out at

various points throughout the country. Except for the national railway strike and sporadic disturbances, labor, however, has been fully employed at record high wages, and unrest in manufacturing lines has been comparatively limited. Perhaps the most difficult element in the labor situation is now found in connection with agricultural labor. There is an almost unanimous report from the several Reserve Districts to the effect that farmers are unable to obtain the assistance they need for the current crop season and that while in part machinery has been substituted, this method of replacing human labor is not altogether satisfactory. Conferences on immigration during the month have resulted in assertions of a general labor shortage all over the country. Sporadic unemployment has been noted in some cases, due to changes in conditions of production. The railway strike had the effect of temporarily decreasing the demand for certain classes of labor, but on the other hand it temporarily increased the demand for certain other classes. Immigration and emigration have about offset one another. A special inquiry into the labor situation in District No. 11 (Dallas) has revealed some unusually interesting conditions. A heavy exodus of farm workers has occurred in eastern Texas to the oil fields and lumber camps of north Louisiana. On the other hand, profitable returns in local farming have, in west Texas and chosen regions, brought back to the land tenant farmers, thereby increasing the available labor supply. High wages in the southwest have been drawing into the United States a considerable number of Mexicans who have been attracted by the opportunity to obtain steady and uninterrupted employment.

An upward tendency in rates for money has been notable during April. Action on the part of foreign central banking institutions in raising their rates of discount tended to conform domestic tendencies toward a higher level of rates. The action of large domestic borrowers in putting out issues of bonds at higher rates of interest has further tended to establish a higher level of interest and discount charges. Demand for commercial loans has continued heavy and has been confirmed by the increasing pressure of need for funds for commercial uses in not a few of the western Districts. Nevertheless, the volume of loans has not materially changed. In New York City it is reported that the reduction in the loan accounts of the New York banks which continued with a reasonable measure of steadiness from last fall to the early part of March, and the increase in bank loans elsewhere in the country, which was practically continuous during the same period, have both been arrested. Within the Federal Reserve System there has been a noteworthy movement of funds to New York, or in other words, the volume of bank credit for the country as a whole remains about the^{same} but the points where pressure has been most seriously manifested have changed. Throughout the eastern Districts higher rates for ordinary commercial paper continue to be the rule, while from the speculative standpoint, relatively little money has been offering and charges have been high. The money market has suffered from a very narrow margin and the narrowness of this margin has been responsible for the advances in rates which have taken place from time to time. In the stock market, although there has been considerable demand from the small investor, speculative manipulation has been more than usually prominent. The general level of bond prices has declined continuously during the past thirty days, an average of forty listed issues

declining about $2\frac{1}{2}$ points to a new low level on April 16. New corporate financing was larger in March than in February, and the tendency to increase has been noteworthy in April. Considerable issues of railroad securities have been put out, and the volume of stock actually issued as dividends has been large. In the Middle West there is a disposition on the part of bankers to sift loan applications more carefully and to discriminate between borrowers according to the character of their requirements. In District No. 8 (St. Louis) and in the Southwest there is a strong demand for money and the spring agricultural needs have been keenly felt. The market for commercial paper has slowed down and country banks have ceased to buy as heavily as formerly. In some of the western and southwestern Districts there has been an apparent degree of success in eliminating war paper from bank portfolios, it being supposed that there has been absorption by investors there on account of the general prosperity and growth in ability to pay for bonds.

While the agricultural outlook is distinctly less satisfactory than it was a month ago, and while the month of April has been a period of serious labor disturbance, especially in the transportation field, the activity of business has continued high, demand for products strong, with prices tending upward rather than downward. Industries are not on the whole booked up as far ahead, relatively speaking, as in the past, although in some the volume of unfilled orders is very large. Underproduction or inefficiency in production continues, and costs are being enlarged by reason of the advance in the expense of getting capital. The export trade holds up in an unexpected degree and bank credit, although not materially larger in volume than at the opening of April, has had to follow more or less the course of demand, so that expansion at various points has taken the place of reductions which had been effected at others.